Nestor-BNA plc

Annual Report and Accounts 1994

1992981

Contents

Group Activities

UK Healthcare

BNA is the largest provider of temporary nurses and carers in the United Kingdom through its national network of 117 branches. BNA currently has approximately 65,000 nurses and other carers on its register to help people in their own homes and to work in hospitals, nursing homes and industry.

Nestor Medical Duty Services provides experienced doctors, working from ten control centres, who visit patients in their homes during the night and at weekends on behalf of client General Practitioners in North West England and the West Midlands.

USA Healthcare

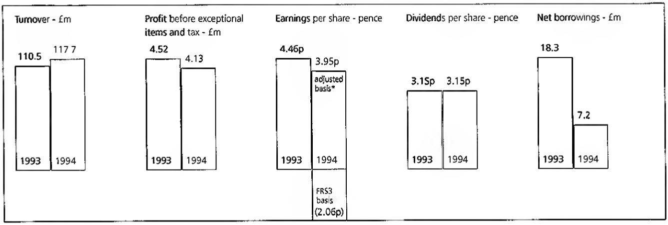
MRA is a specialist nursing agency, based in Florida, which has become one of the leading suppliers of travel nurses in the United States of America. MRA's nurses and other healthcare personnel move between assignments in different parts of the country, usually in response to seasonal variations in hospital demand. Assignments are normally full-time and of three months duration.

UK Specialist Personnel

Hewitson-Walker places qualified and part-qualified accountants on a temporary basis, primarily in the Greater London area.

Scott-Grant provides temporary management services personnel to work on productivity improvement projects, usually with industrial clients. They also supply other technical personnel on an agency basis.

Financial Summary



	1994 £m	1993 £m
Turnover - total	**117.7**	110.5
- continuing operations	**112.1**	99.1
Profit before exceptional items and tax	**4.13**	4.52
Exceptional items	**(4.21)**	-
Earnings per share - FRS3 basis	**(2.06p)**	4.46p
- adjusted basis*	**3.95p**	4.46p
Dividends per share	**3.15p**	3.15p
Net borrowings	**7.2**	18.3

* Adjusted for sale of discontinued operation

- UK Healthcare overall showed a good advance in revenues and profits. BNA grew particularly strongly.
- USA Healthcare has been adversely affected by difficult market conditions. Cost reduction measures have now stabilised profits.
- UK Specialist Personnel has shown strong recovery, well ahead of 1993.
- Strategic decision to concentrate the Group's UK healthcare resources on provision of flexible care services resulted in the sale of the hospitals and nursing homes operation at the half year.
- Net borrowings reduced in the year from £18.3 million to £7.2 million and interest cover increased.
- Maintained dividend.

Chairman's Statement

Review of 1994

Group pre-tax profit for 1994 before exceptional items was £4.13 million compared with £4.52 million in 1993.

Early in the year the Board made the strategic decision to concentrate its UK Healthcare activities on the provision of flexible care services through BNA and the doctors' medical duty services, the prospects for which are excellent. As a consequence, we sold our hospitals and nursing homes division in June 1994. This substantially improved net borrowings, which reduced over the year from £18.3 million to £7.2 million, and increased the interest cover for the year (before exceptional items) to over 5 times.

BNA, the leading provider of nurses and carers in the UK, grew very strongly with a 20% revenue advance and a 34% operating profit increase to £3.21 million. This excellent performance resulted from a significant increase in work with Local Authorities in implementing their Care in the Community programmes and an increase in the provision of nurses to NHS Trust hospitals.

Nestor Medical Duty Services achieved profits of £1.17 million (1993: £1.37 million) which was a satisfactory result. 1993 had been an exceptional year, largely due to very high call levels during the influenza epidemic towards the end of that year.

In the USA, the healthcare market has been extremely difficult for providers of services to hospitals, due both to the uncertainty created by the protracted healthcare debate and to the continuing shift to managed care. Demand for supplemental staffing from MRA reduced markedly, resulting in lower activity levels, margins and profits. In these circumstances MRA has reduced its cost base significantly and is ready to take advantage of any improvement in the market. Operating profit for 1994 was £0.49 million (1993: £1.53 million).

UK Specialist Personnel showed strong recovery with the continued improvement in UK business activity. Hewitson-Walker increased revenues by 35% and produced an operating profit of £0.88 million (1993: £0.70 million), a 25% advance. Scott-Grant increased revenues by 10% and achieved an operating profit for the year of £0.24 million (1993: £0.12 million).

Dividend

Your Board is recommending an unchanged final dividend of 2.00p per share to be paid on 26th May 1995 to shareholders on the register at close of business on 24th April 1995, making total dividends for the year 3.15p (1993: 3.15p).

Board and Management

In September 1994 I joined the Board as Chairman and Mike Rogers reverted to the role of Chief Executive, in line with the recommendations of the Cadbury Committee. I have assumed responsibility for Group strategy and

investor relations and Mike Rogers is directing and supervising the operations of the Group.

During the year there have been a number of other Board changes. Viscount Bridgeman and Nicholas Ward resigned as non-executive directors in September 1994 and Jennifer Priestley, Managing Director of the hospitals and nursing homes division, resigned following the sale of that division. I should like to thank them for their valuable contributions.

Alan Pilgrim will be leaving the Group in June 1995 to join Community Hospitals Group PLC. I should like to thank him for his help in managing our UK Healthcare operations and recently for his excellent work in the USA with MRA.

I am pleased to announce the appointment of Gregory Mikkelsen as CEO of MRA from April 10th. He brings very considerable experience of the USA healthcare industry and I am confident that MRA will benefit from his management direction.

In April 1994 Justin Jewitt was recruited from BET to be Managing Director of BNA. During the past year he has made a significant contribution to the development of the business which is the core activity of the Group.

Outlook

The outlook for the Group is exciting and very encouraging. All divisions are currently achieving higher profits than a year ago and initiatives are being taken to increase Group profitability further for 1995 and 1996.

In the UK, BNA is performing particularly well, taking advantage of the significant opportunities for growth in this market.

In the USA, MRA has been restructured to meet the changed circumstances which have arisen in its market. The business now operates from a lower cost base, and close control both in the USA and from the UK remains a key priority. It is encouraging that current performance is ahead of last year.

In our UK Specialist Personnel operations the improvements we saw in 1994 are continuing.

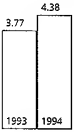
David Heywood

David Heywood *Chairman*

27th March 1995

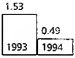
Operating and Financial Review

UK Healthcare operating profit (continuing operations) - £m



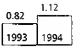
Continued profit growth from UK Healthcare operations.

USA Healthcare operating profit - £m



Difficult market conditions in USA Healthcare resulted in lower activity levels and profits.

UK Specialist Personnel operating profit - £m



Strong recovery from UK Specialist Personnel divisions.

Review of Operations

UK Healthcare

BNA, which provides nurses and carers throughout the UK, continued to show strong growth with a 20% increase in revenues and a 34% improvement in operating profit to £3.21 million (1993: £2.40 million). Since the introduction of the Community Care Act we have been working closely with Social Services departments of Local Authorities to help them implement their care programmes and this important part of our business has grown steadily. Homecare, either provided directly or through Social Services departments, now accounts for nearly half of BNA's activity. Another major area of emphasis is the provision of nurses to NHS Trust hospitals and managing hospital nurse banks. Demand for these services has continued to grow and accounts for nearly 30% of BNA's activity.

Nestor Medical Duty Services, which provides out-of-hours duty doctors and other services to GPs, had an exceptional year in 1993 largely due to a significant increase in calls to patients during the influenza epidemic towards the end of that year. In 1994 calls were lower and we experienced some variations in activity and costs at our different centres. The net effect was that although we achieved a small increase in revenue, the operating profit was lower at £1.17 million (1993: £1.37 million).

Following a strategic review of the Group's UK healthcare activities early in the year the Board decided to focus on fewer business areas and concentrate its resources, both financial and management, on providing flexible services in this market. As a consequence, the decision was made to sell the hospitals and nursing homes division and this was successfully completed on 17th June.

USA Healthcare

MRA, our travel nursing operation in the USA, has been adversely affected by the political debate on healthcare reforms, the proposals for which were abandoned, and the move towards managed care as a means of containing healthcare costs. The changes and the uncertainty created by these factors have disrupted the market and hospitals have been forced to adapt and consolidate facilities. In addition, very low levels of staff turnover within hospitals had led to a reduced demand for supplemental staff. The environment has, therefore, generally been detrimental to hospital suppliers and MRA experienced a 10% reduction in the number of assignments and lower gross margins which reduced the dollar operating profit for the year to \$0.76 million (1993: \$2.29 million). When converted into sterling this amounted to an operating profit of £0.49 million (1993: £1.53 million). The average exchange rate for the year was \$1.56 (1993: \$1.49). In these circumstances, actions have been taken to reduce the cost base to reflect the lower activity levels and to streamline operations to take full advantage of available market opportunities and optimise profitability in 1995.

UK Specialist Personnel

The markets for the Group's UK specialist personnel services started to recover in the second half of 1993 and this improvement continued throughout 1994. Revenues for the full year advanced by 22% and the operating profit by 37%, with the improvement particularly marked in the second half of the year.

Hewitson-Walker, which places qualified and part-qualified temporary accountants in the Greater London area, improved steadily throughout the year and marketing efforts were directed to the more buoyant sectors, for example financial services. The result for the year was an increase in revenues of 35% and a 25% improvement in operating profit to £0.88 million (1993: £0.70 million).

Scott-Grant, which provides management and technical services personnel, computer services and training, also progressed well with increased revenues of 10% and an operating profit of £0.24 million (1993: £0.12 million).

Financial Review

Turnover

In 1994 Group turnover increased from £110.5 million to £117.7 million, including the contribution from the hospitals and nursing homes prior to their sale at the half year. Excluding this contribution, the turnover from our continuing operations was £112.1 million (1993: £99.1 million), a 13% increase.

Profit before tax

The overall effect of the profit improvements from our UK healthcare and UK specialist personnel operations but lower profits from our USA travel nursing business, was a pre tax profit for the Group, before exceptional

items, of £4.13 million (1993: £4.52 million). This included a net interest charge for the year of £1.00 million, significantly lower than the previous year's level of £1.63 million, reflecting the financial impact of the sale of the hospitals and nursing homes division at the half year. The sale also helped to increase the level of interest cover for the year, before exceptional items, to 5.1 times (1993: 3.8 times).

Exceptional items in the year included a profit on the sale of surplus land and buildings of £0.29 million and a deficit on the sale of the hospitals and nursing homes division of £4.50 million. This deficit has been calculated in accordance with the requirements of FRS3 by reference to the book value, which had been enhanced in prior years by property revaluations, and after adding back goodwill, previously written off, of £0.61 million. The transfer from the revaluation reserve was £4.82 million. The result, after taking account of these exceptional items,was a loss before tax of £0.08 million (1993: profit £4.52 million).

Earnings per share
After deduction of the exceptional items the loss per share under FRS3 reporting was 2 06p (1993: earnings 4.46p). Exclusion of the loss on sale of the hospitals and nursing homes division produces an adjusted earnings per share of 3.95p (1993: 4.46p).

Dividends
The proposed final dividend is 2.00p (1993: 2.00p), leaving unchanged the total dividends for the year at 3.15p (1993: 3.15p).

Taxation
The average rate of corporation tax for the year, before exceptional items, was 35.3% (1993: 26.0%). This rate reflects the reduced results of MRA in the USA and the availability of allowable deductions against its profits.

Cash flow and borrowings
Net borrowings reduced substantially during the year from £18.33 million to £7.22 million. This was due primarily to the sale of the hospitals and nursing homes division. The consideration was £12.63 million cash, including an adjustment relating to the net assets, and the issue of a £1.50 million loan note by the purchasing company. The net cash outflow for the year before investing activities was £0.25 million (1993: inflow £0.47 million).

The US dollar exchange rate at the end of the year was $1.56 compared with $1.48 at the end of 1993. This movement resulted in a reduction of £0.34 million in the sterling value of our net US dollar borrowings.

At the year end the Group had a medium term, fixed rate dollar loan equivalent to £6.52 million. This is repayable in equal instalments over the next 3 years and includes £2.17 million repayable within the next 12 months. Short term, variable rate borrowings, less cash and deposits amounted to £0.70 million at the year end. Within the net borrowings figure, net US dollar debt amounted to £6.10 million and net sterling debt, £1.12 million.

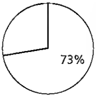
Capital expenditure
Capital expenditure during the year was £1.05 million (1993: £1.74 million). The main areas of expenditure were development and refurbishment projects within the hospitals and nursing homes prior to their sale, amounting to £0.36 million, and improvements in the systems and facilities of our continuing UK healthcare operations.

Shareholders' funds
The shareholders' funds at the year end were £2.56 million (1993: £5.66 million). The reduction resulted from the deficit on the sale of the hospitals and nursing homes division. The level of shareholders' funds reflects the Group's policy of writing off goodwill arising on acquisitions immediately against reserves.

Foreign currency and treasury management
The trading results of overseas businesses are translated into sterling using average exchange rates and the balance sheets at year end rates. Fluctuations in exchange rates can, therefore, have an effect on the Group's financial results and the balance sheet position at the year end. It is the Group's policy to hedge its investment in foreign currency businesses by financing these, in part, with loans denominated in the appropriate currencies.

Quality of care is of particular importance to BNA as we are frequently providing nursing and social care to those who are vulnerable due either to old age or infirmity.

Business Review
UK Healthcare



UK Healthcare proportion of Group operating profit from continuing operations in 1994: 73%

BNA

BNA is the largest agency for nurses and carers in the UK with a national network of 117 branches and a register of approximately 65,000 nurses and other carers available for temporary work. During 1994, BNA provided 8.9 million hours of care to a wide variety of clients including Local Authorities for the supply of homecare services and NHS Trust hospitals, mainly for supplemental nursing staff. BNA also carried out a considerable amount of work for self-pay patients in their own homes, nursing homes, industry, private hospitals and sundry other clients including, for example, schools and prisons. To service the needs of these clients BNA nurses and carers carried out over 800,000 assignments, usually at short notice.

Quality of care is of particular importance to BNA as we are frequently providing nursing and social care to those who are vulnerable due either to old age or infirmity. Many nursing and care assignments are only for a few hours and the nurse or carer has often to be provided at very short notice. We apply the same quality standards to these assignments as we do to assignments for which we are given longer notice. All BNA nurses or carers are interviewed and their references checked before they are sent out on assignment, even for half an hour.

The business area which saw the most growth during 1994 was the supply of care assistants to Local Authorities to support them in their responsibilities for care of the local population. Local Authorities became responsible for delivering community care to the elderly, mentally ill, disabled and other vulnerable sections of the population in April 1993. Their aim is to provide services and support to enable such people to live as independently as possible in their own homes or, if more appropriate, in a nursing or residential care home. A major part of BNA's business is looking after people at home and with our national network of branches and access to a vast temporary workforce we are very well placed to assist the Local Authorities in the provision of care.

BNA has contacted all 132 Local Authority Social Service departments about the extent to which they intend to provide domiciliary care. The majority of them have indicated that the development of homecare is an immediate need and expressed an intention to call upon the independent sector to help them provide it. The knowledge of their needs and the relationships we have established will enable us to continue to deliver the appropriate resources and quality standards.

The market for supplemental staffing to the NHS has also developed

Medical duty services have become an accepted, integral part of the primary care system, particularly in inner city areas.

during the early 1990's. There is now an increasing trend for NHS Trust hospitals to formalise their temporary nursing and care staff requirements and in 1994 BNA was successful in winning contracts with the NHS in Bath, Rotherham, Nottingham, Burton, Gloucester, Northampton, Dorchester and Peterborough. Since the end of the year BNA has been awarded contracts to provide temporary staffing for three Lothian Hospital Trusts: three year agreements with the Royal Infirmary of Edinburgh NHS Trust and the Edinburgh Healthcare NHS Trust, and an agreement with the Edinburgh Sick Childrens' NHS Trust for two years, extendible to three years. The supply of skilled temporary staff to the National Health Service is a very important business area for us and is one in which we expect an increasing number of opportunities.

The markets we address have considerable growth potential and we are in an excellent position to serve them with our national branch network, extensive experience, effective systems, highly trained and experienced branch staff and management and our reputation for first class service.

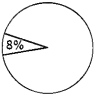
Nestor Medical Duty Services

NMDS provides medical duty services to 2,400 GPs from 10 centres, including Liverpool, Birmingham, Manchester, St. Helens, Wolverhampton and Stoke. Out-of-hours home visiting by GP duty doctors comprises 90% of NMDS' business, the remainder consisting of locum services for holidays and sickness, 24 hour message handling for GP clients and educational courses. In 1994 NMDS supplied almost 1,000 locum weeks for GPs, handled over 250,000 messages and organised post graduate education courses for some 250 doctors from many parts of the UK.

NMDS centres are supervised by qualified medical directors who are responsible for the control of both operating and medical standards, ensuring that patients are visited promptly and are satisfied with the medical services provided. All calls are meticulously recorded and then transmitted by two-way radios to duty doctors who are accompanied by a navigator or a driver. Clinical reports of every visit are delivered to the GPs to keep them fully informed and to ensure continuity of care. During 1994 NMDS carried out over 350,000 patient visits.

Hospital patients benefit from our capability to provide qualified, temporary healthcare professionals as and when they are needed, often at very short notice.

Business Review
USA Healthcare



USA Healthcare proportion of Group operating profit from continuing operations in 1994: 8%

MRA

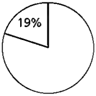
MRA is a specialist nursing agency which has become one of the leading suppliers of travel nurses and other allied health personnel in the United States of America. Travel nurses, as their name implies, travel around the country on assignments, each normally lasting three months.

Many hospitals and other care providers experience variations in their staffing needs during the year. In some locations, for example, Florida, California and Arizona, these staffing variations become particularly acute in the winter months when large numbers of retired people leave their homes in the colder North and migrate to warmer climes. Qualified healthcare professionals wishing to sign on for a contract of a few months duration often represent a more effective solution to a hospital's seasonal staffing needs than full-time staff or local temporary staff engaged by the day.

MRA's main business is the supply of nurses to hospitals and our client hospitals have been facing reduced occupancy levels and additional price pressure as a result of collective purchasing by managed care organisations. Whilst the conditions in which MRA's travel nursing business operated during 1994 were the most difficult for many years, there are no indications that travel healthcare staffing as an option has lost its attraction to potential client hospitals or to the healthcare professionals themselves. In the last few weeks of 1994 and the start of this year, MRA has, in fact, seen an increase in the number of orders for travel health professionals compared with a year earlier, particularly for specialist nurses and other health professionals in short supply, such as physiotherapists and occupational therapists.

As a consequence of the difficult and changing market conditions we have reduced the cost base of MRA and we are focussing our marketing efforts on providing physiotherapists and occupational therapists, developing higher margin nursing accounts with hospitals which are managing the transition to managed care more effectively, and developing clients outside the traditional seasonal markets of Florida, California and Arizona to ensure year round opportunities for travellers.

Business Review
UK Specialist Personnel



UK Specialist Personnel proportion of Group operating profit from continuing operations in 1994: 19%

Hewitson-Walker

Hewitson-Walker specialises in the provision of temporary qualified and part-qualified accountants to a wide range of clients in the Greater London area. The main sectors addressed are financial services, communications, professional, public sector and medical. These account for nearly 75% of Hewitson-Walker's activity.

During 1994 the economy continued to recover and, as a result, conditions improved for temporary staff providers, particularly in the second half of the year.

Scott-Grant

Based in Manchester and with five regional offices, Scott-Grant is involved in four principal activities: temporary management services personnel, with a particular focus on productivity improvement, the supply of temporary technical personnel, computer software services and training. The computer services and training are both linked with employee control and productivity improvement.

With the steady improvement in UK business activity all areas of Scott-Grant showed consistent growth during 1994.

Board of Directors and Advisors

Executive directors

Michael Rogers,
52, is Chief Executive. He joined BNA in March 1976 and became Managing Director in October of that year. He became Group Managing Director in May 1978 and joined the Board of Nestor-BNA when it was formed in March 1986. He is a member of the Executive Committee of the Federation of Recruitment and Employment Services.

Clive Chapman,
46, is Group Finance Director. He joined Nestor-BNA in September 1990. Before joining the Group he was Group Finance Director of ITL Information Technology plc and, prior to that, Group Financial Controller of the P&O Group.

John Cockburn,
53, is Managing Director of Nestor Medical Duty Services. He was appointed Medical Director of Liverpool Locums in 1973 and joined the Board of Nestor-BNA in March 1986. He is Vice-Chairman of the Federation of Medical Services.

Alan Pilgrim,
43, is Group Managing Director. He joined Nestor-BNA in October 1989 as Director of Operations of Nestor Medical Services. Before joining the Group he was Director of Operations of the UK subsidiary of Hospital Corporation of America. He became Managing Director of BNA and joined the Board of Nestor-BNA in June1991.

Non-executive directors

David Heywood,
59, is Chairman. He was appointed in September 1994. He is Chairman of QS Holdings PLC, a non-executive director of Rentokil Group Plc and Chairman of Remploy Ltd. Formerly deputy Chairman and executive director of British-American Tobacco Co. Limited.

Charles Goodson-Wickes,
49, MP for Wimbledon, joined the Board in February 1993. He is an occupational physician and a barrister. He is Parliamentary Private Secretary to the Financial Secretary to the Treasury and is a member of a wide range of Parliamentary Committees. He holds a number of appointments in industry and commerce.

Francis Howard,
59, joined the Board in June 1987. He is a director of Howard Perry Associates Limited, business and financial consultants. He was previously Finance Director of Charter Consolidated PLC and is a non-executive director of Hawtal Whiting Holdings plc, Consolidated Communications Management Limited and other companies.

Secretary
John Wood

Registered office
20A Church Road
Welwyn Garden City
Hertfordshire AL8 6PS

Financial advisors
Hambros Bank Limited
41 Tower Hill
London EC3 4HA

Stockbrokers
S.G.Warburg Securities Limited
1 Finsbury Avenue
London EC2M 2PA

Auditors
Coopers & Lybrand
Chartered Accountants
1 Embankment Place
London WC2N 6NN

Solicitors
Freshfields
Whitefriars
65 Fleet Street
London EC4Y 1HS

USA attorneys
Dechert Price & Rhoads
477 Madison Avenue
New York NY 10022

Principal bankers
National Westminster Bank Plc
24 Albemarle Street
London W1X 4JS

Registrar and transfer office
The Royal Bank of Scotland plc
Securities Services - Registrars
PO Box No 82
Caxton House
Redcliffe Way
Bristol BS99 7NH

Directors' and Auditors' Reports and Financial Statements

The directors present their report and the audited financial statements for the year ended 31st December 1994.

Principal activities, results, and future developments

Nestor-BNA plc is the holding company of a group of companies in the healthcare and specialist personnel sectors. The principal activities of the Group are

- the provision of nurses and carers through the largest nursing agency network in the United Kingdom,
- the provision of doctors' duty services in the North West of England and the West Midlands,
- the provision of travel nursing services throughout the United States of America,
- the provision, on a temporary basis, of qualified and part-qualified accountants primarily in the Greater London area,
- the provision, on a temporary contract basis, of specialist supervisory, technical and computer personnel throughout the United Kingdom.

The accompanying Chairman's Statement, Operating and Financial Review and Business Review report on the Group's activities, trading results and future developments.

Results and dividends

The loss for the year after taxation was £1,540,000. An interim dividend of 1.15p per Ordinary Share was paid on 28th October 1994. The directors now recommend a final dividend of 2.00p per Ordinary Share. Following the payment of all dividends for the year, totalling £2,357,000, an amount of £3,897,000 will have been transferred from reserves.

Fixed assets

Information relating to the changes in fixed assets is given in Notes 13 and 15 to the financial statements.

Disposal of business

On 17th June 1994 the Company disposed of the entire issued share capital of Nestor Medical Services Limited and its subsidiaries and New Hall Hospital.

Directors

The directors who served during the year were D G Heywood*, M G Rogers, Viscount Bridgeman*, C R Chapman, J J Cockburn, F J A Howard*, A J T Pilgrim, J Priestley, C Goodson-Wickes* and C J N Ward*.

D G Heywood was appointed a director and Chairman on 12th September 1994 and on that date M G Rogers ceased to be Chairman, F J A Howard ceased to be Vice-Chairman and Viscount Bridgeman and C J N Ward retired from the Board. J Priestley retired from the Board on 14th July 1994.

In accordance with the Articles of Association, D G Heywood will retire at the Annual General Meeting and, being eligible, will offer himself for re-election.

One director, J J Cockburn, will retire by rotation at the Annual General Meeting and, being eligible, will offer himself for re-election.

D G Heywood's appointment is for a fixed period of three years expiring on 12th September 1997, renewable thereafter for a further three years upon agreement between him and the Board. J J Cockburn has a service agreement with the Company which is subject to no more than 3 years notice of termination.

**non-executive directors*

Directors' interests

The beneficial and family interests of the directors in the share capital of the Company according to the register of directors' interests maintained by the Company under Section 325, Companies Act 1985 were

	Ordinary Shares		Share Options			
			Employee Scheme		SAYE Scheme	
	31.12.94	31.12.93	31.12.94	31.12.93	31.12.94	31.12.93
D G Heywood	100,000	† -	-	-	-	-
M G Rogers	*706,601	*706,601	466,094	466,094	-	20,089
C R Chapman	-	-	330,000	330,000	20,089	20,089
J J Cockburn	*20,141	*20,141	276,312	276,312	-	-
C Goodson-Wickes	-	-	-	-	-	-
F J A Howard	12,251	12,251	-	-	-	-
A J T Pilgrim	*3,188	*3,188	324,250	324,250	20,089	20,089

* includes shares held by virtue of the Nestor-BNA Profit Sharing Scheme

† as at 12th September 1994, the date of appointment as a director

Notes

1. None of the directors has any non-beneficial interest in the Company's share capital.
2. Between 31st December 1994 and the date of this report there were no changes in the interests of the directors in the share capital of the Company.
3. No director was materially interested in any contract of significance (apart from contracts of service) with any Group company during or at the end of the financial year.
4. The Company has maintained insurance for directors and officers against liabilities in relation to the Company during the year.

Analysis of options granted to and not yet exercised by directors at 31st December 1994

		Employee Share Option Scheme								Savings Related Share Option Scheme
Date of grant		Dec 87	Apr 89	Aug 89	May 90	Oct 90	Oct 91	May 93	Totals	Oct 91
First possible exercise date	A	Dec 90	Apr 92	Aug 92	May 93	Oct 93	Oct 94	May 96		Nov 96
	B	Dec 92	Apr 94		May 95	Oct 95	Oct 96	May 98		
Last exercise date		Dec 97	Apr 99	Aug 99	May 00	Oct 00	Oct 01	May 03		May 97
Option price		72p	145p	119p	110p	86p	67p	53p		56p
M G Rogers	A	39,441	10,379	31,137	-	30,000	30,000	70,000	210,957	-
	B	20,758	10,379	-	-	34,000	-	190,000	255,137	-
C R Chapman	A	-	-	-	-	80,000	20,000	50,000	150,000	20,089
	B	-	-	-	-	40,000	-	140,000	180,000	-
J J Cockburn	A	24,910	6,227	17,644	-	11,500	16,250	50,000	126,531	-
	B	14,531	-	-	-	15,250	-	120,000	149,781	-
A J T Pilgrim	A	-	-	-	29,000	16,250	36,000	60,000	141,250	20,089
	B	-	-	-	11,000	-	22,000	150,000	183,000	-

Notes

1. No share options were granted, exercised or lapsed unexercised during the year in relation to the directors, except for the lapse of all SAYE Scheme options of M G Rogers due to the termination of his savings contract.
2. There was no cost for receipt of the options. Deductions from earnings are made in respect of the SAYE Scheme.
3. Employee Share Option Scheme option prices are fixed at the mid-market price on the business day preceding the Date of Grant.
4. Savings Related Share Option Scheme option prices are fixed at the mid-market price on the business day before the Date of Invitation applying to each option.
5. The Exercise of the options held under the Employee Share Option Scheme is conditional upon the following performance criteria:
   Section A options - growth in the Company's earnings per share (EPS) over any four consecutive accounting periods of the Company, commencing no earlier than the accounting period ending immediately prior to the date of grant and ending no later than the accounting period ending immediately prior to the date of exercise, exceeding the percentage increase in the Retail Prices Index (RPI) for the period commencing with the last month of the first accounting period used to determine the Company's EPS and ending with the last month of the fourth of the accounting periods used for that purpose; and
   Section B options - the Company's EPS over any six consecutive accounting periods of the Company, commencing and ending within the same limits as apply in determining the Company's EPS for the purpose of Section A options, placing the Company in the top quartile of FT-SE 100 companies by reference to percentage growth in EPS over the same period.
6. The mid-market price of the shares at the end of the year was 45 pence and the range during the year was 42 pence to 72 pence.

Substantial shareholders

At the date of this report, the Company has been notified of the following interests of 3% or more in the ordinary share capital.

	Number	Percentage of issued share capital
Prudential Corporation Group, including clients' managed funds	6,050,548	8.1%
Standard Life	5,236,386	7.0%
Baring Fund Managers Ltd	3,834,675	5.1%
3i Group plc	3,618,789	4.8%
Barclays Bank PLC	3.496,505	4.7%
Scottish Amicable Investment Managers	2,944,000	3.9%
Abbey Life Investment Services Ltd	2,899,000	3.9%

Share capital

Details of the authorised and issued share capital of the Company during the year ended 31st December 1994 are given in Note 22 to the financial statements.

Share scheme

Information regarding share options issued and exercisable under the Nestor-BNA Employee Share Option Scheme and the Nestor-BNA Savings Related Share Option Scheme, including that relating to the directors stated in the Directors' interests section of this Report, is given in Note 27 to the financial statements.

During the year no shares were allocated to employees under the Nestor-BNA Profit Sharing Scheme.

Directors' authority to issue shares

A Resolution will be put to the Annual General Meeting on17th May 1995, similar to a Resolution passed on 16th May 1991, to give the directors authority within the next five years to allot an aggregate nominal amount of £2 million of authorised but unissued share capital of the Company, pursuant to Section 80, Companies Act 1985. This amount represents less than one-third of the Company's issued share capital.

A Special Resolution will also be proposed, seeking authority for the directors to issue shares of the Company for cash, without complying with the statutory pre-emption procedures, within certain constraints as set out in the Notice of Annual General Meeting. This is similar to the corresponding resolutions passed in previous years. The proposed authority limit of £374,000 in this resolution represents approximately 5% of the Company's issued share capital. If approved by the Meeting, this power will continue until the next Annual General Meeting of the Company.

Charitable and political donations

During the year the Group made contributions to United Kingdom charitable organisations of £1,146. No political donations were made.

Taxation status

The Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Disabled employees

It is the Group's policy that disabled persons should be considered for employment, training, career development and promotion on the basis of their abilities and aptitudes in common with all employees.

Employee involvement

Various methods are used by the Group to ensure that all its employees are provided with information concerning them as employees, particularly the economic and financial factors affecting the Group's performance.

Internal circulars and newsletters are issued regularly and regular consultation and discussions between management and their staff are strongly encouraged.

Auditors

A resolution proposing the re-appointment of Coopers & Lybrand, Chartered Accountants, as auditors to the Company and authorising the directors to determine their remuneration will be put to the Annual General Meeting.

Approved by the Board on 27th March 1995 and signed on its behalf by

J Wood *Secretary*

Corporate Governance

The Board

The Board currently comprises four executive directors and three non-executive directors, and is responsible to shareholders for the proper management of the Group. It meets regularly throughout the year, normally on a monthly basis, setting and monitoring Group strategy, reviewing trading performance, advising on senior management appointments, formulating policy on key issues and reporting to shareholders.

The Board has appointed Audit and Compensation Committees, both with formal constitutions.

Audit Committee

The Audit Committee is chaired by Francis Howard, comprises the non-executive directors and meets at least twice a year.

The principal duties of the Committee are

- to recommend the appointment, scope and fees of the external auditors;
- to ensure that appropriate accounting policies and controls are in place and applied consistently;
- to ensure that financial statements are prepared in accordance with accounting standards and Stock Exchange and legal requirements; and
- to provide a forum through which the Group's external auditors report to the Board of Directors.

Compensation Committee

The Compensation Committee is chaired by the non-executive Chairman, David Heywood, and meets at least annually and at other times as necessary. The Committee comprises the non-executive directors.

The principal duties of the Committee are

- to assess the responsibilities and performance of executive directors and certain other key executives and, with reference to professional external advice, determine their annual remuneration, bonus awards and longer term incentives, including share options;
- to decide the granting of share options to executive directors and other senior employees, and to administer the share option and profit sharing schemes in accordance with the rules.

Going concern

The directors confirm that, after reviewing the financial position and cash flows of the Group, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Compliance with the Code of Best Practice

The Group complies with all of the provisions of the Code of Best Practice, as contained in the Report of the Cadbury Committee on the Financial Aspects of Corporate Governance, for which guidelines have been issued and are effective. Guidance on Code 4.5 relating to internal financial control has recently been published and this will be reported on in the 1995 Report and Accounts.

The report by the auditors on corporate governance matters is given on page 22.

Auditors' Report on Corporate Governance

Report by the auditors to Nestor-BNA plc

In addition to our audit of the financial statements, we have reviewed the directors' statement on page 21 on the Group's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

Basis of opinion

We carried out our review in accordance with Bulletin 1995/1 'Disclosures relating to corporate governance' issued by the Auditing Practices Board. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of the Group's corporate governance procedures, nor on the ability of the Group to continue in operational existence.

Opinion

With respect to the directors' statement on going concern on page 21, in our opinion the directors have provided the disclosures required by paragraph 4.6 of the Code (as supplemented by the related guidance for directors) and their statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the Company, and examination of relevant documents, in our opinion the directors' statement on page 21 appropriately reflects the Group's compliance with the other paragraphs of the Code specified for our review.

Coopers & Lybrand Coopers & Lybrand
Chartered Accountants
London

27th March 1995

Directors' Responsibilities

in respect of the preparation of financial statements

The directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit and cash flows of the Group for the period to that date. The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and in accordance with applicable accounting standards. In addition, the directors are required

- to adopt suitable accounting policies and then apply them consistently;
- to make judgements and estimates that are reasonable and prudent;
- to take account of expenses and income relating to the period being reported on, whether or not they have been paid or received in that period; and
- to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that the financial statements comply with the above requirements.

The directors are also responsible for maintaining adequate accounting records so as to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985, for safeguarding the assets of the Group, and for preventing and detecting fraud and other irregularities.

Auditors' Report

Report of the auditors to the members of Nestor-BNA plc
We have audited the financial statements on pages 24 to 43.

Responsibilities of directors and auditors
As described above, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31st December 1994 and of the loss, total recognised losses, and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Coopers & Lybrand.
Chartered Accountants and Registered Auditors
London

27th March 1995

Consolidated Profit and Loss Account

for the year ended 31st December 1994

	Notes	1994 £000	1993 £000
Turnover			
Continuing operations		**112,115**	99,060
Discontinued operation		**5,620**	11,486
	2,3	**117,735**	110,546
Cost of sales		**(94,286)**	(87,859)
Gross profit		**23,449**	22,687
Administrative expenses		**(18,324)**	(16,547)
Operating profit			
Continuing operations		**4,698**	5,044
Discontinued operation		**427**	1,096
Operating profit before exceptional items	3,4,5,6	**5,125**	6,140
Exceptional items			
Profit on disposal of fixed assets	7	**286**	-
Loss on sale of discontinued operation	7	**(4,495)**	-
Profit on ordinary activities before interest		**916**	6,140
Interest payable less receivable	8	**(997)**	(1,625)
(Loss) profit on ordinary activities before taxation		**(81)**	4,515
Taxation	9	**(1,459)**	(1,174)
(Loss) profit on ordinary activities after taxation		**(1,540)**	3,341
Dividends	11	**(2,357)**	(2,357)
Retained for the year	23	**(3,897)**	984
(Loss) earnings per share			
FRS3 basis	12	**(2.06p)**	4.46p
Adjustment for sale of discontinued operation		**6.01p**	-
Adjusted basis	12	**3.95p**	4.46p
Dividends per share	11	**3.15p**	3.15p

Note of Historical Cost Profits and Losses

for the year ended 31st December 1994

	1994 £000	1993 £000
Reported (loss) profit on ordinary activities before taxation	**(81)**	4,515
Realisation of revaluation surpluses of previous years on assets sold in the year	**6,799**	25
Historical cost profit on ordinary activities before taxation	**6,718**	4,540
Historical cost profit retained for the year after taxation and dividends	**2,902**	1,009

Statement of Total Recognised Gains and Losses

for the year ended 31st December 1994

	Notes	1994 £000	1993 £000
(Loss) profit for the financial year		**(1,540)**	3,341
Adjustment to revaluation of property		**-**	(412)
Currency translation differences on foreign currency net investments	23	**184**	(83)
Total recognised gains and losses relating to the year		**(1,356)**	2,846

Reconciliation of Movements in Shareholders' Funds

for the year ended 31st December 1994

	Notes	1994 £000	1993 £000
(Loss) profit for the financial year		**(1,540)**	3,341
Dividends	11	**(2,357)**	(2,357)
Other recognised gains and losses for the year		**184**	(495)
Goodwill on acquisitions in the year written off		**-**	(2,186)
Goodwill previously written off now included in loss for the financial year	7	**613**	-
		(3,100)	(1,697)
Opening shareholders' funds		**5,656**	7,353
Closing shareholders' funds		**2,556**	5,656

Consolidated Balance Sheet

as at 31st December 1994

	Notes	1994 £000	1993 £000
Fixed assets			
Tangible fixed assets	13	**2,007**	18,388
Investments	15	**856**	-
Total fixed assets		**2,863**	18,388
Current assets			
Stocks	16	**62**	233
Debtors	17	**15,032**	15,855
Cash at bank and in hand		**459**	2,976
		15,553	19,064
Creditors - amounts falling due within one year	18	**(11,370)**	(18,455)
Net current assets		**4,183**	609
Total assets less current liabilities		**7,046**	18,997
Creditors - amounts falling due after more than one year	19	**(4,345)**	(12,718)
Provisions for liabilities and charges			
Deferred taxation	21	**(145)**	(177)
Other	21	**-**	(446)
Net assets		**2,556**	5,656
Capital and reserves			
Called up share capital	22	**7,484**	7,484
Share premium account	23	**1,205**	1,205
Revaluation reserve	23	**-**	4,819
Acquisition reserve	23	**(14,106)**	(14,719)
Foreign exchange reserve	23	**652**	468
Profit and loss account	23	**7,321**	6,399
Equity shareholders' funds		**2,556**	5,656

The financial statements on pages 24 to 43 were approved by the Board on 27th March 1995 and were signed on its behalf by

M G Rogers *Director* M.G. Rogers.

C R Chapman *Director* C R Chapman

Company Balance Sheet

as at 31st December 1994

	Notes	1994 £000	1993 £000
Fixed assets			
Tangible fixed assets	13	**142**	5,229
Investments	15	**44,520**	46,742
Total fixed assets		**44,662**	51,971
Current assets			
Debtors	17	**17,648**	18,029
Cash at bank and in hand		**5,988**	2,840
		23,636	20,869
Creditors - amounts falling due within one year	18	**(15,518)**	(12,930)
Net current assets		**8,118**	7,939
Total assets less current liabilities		**52,780**	59,910
Creditors - amounts falling due after more than one year	19	**-**	(5,810)
Provisions for liabilities and charges	21	**-**	(446)
Net assets		**52,780**	53,654
Capital and reserves			
Called up share capital	22	**7,484**	7,484
Share premium account	23	**1,205**	1,205
Revaluation reserve	23	**-**	2,346
Other reserves	23	**38,584**	39,220
Profit and loss account	23	**5,507**	3,399
Equity shareholders' funds		**52,780**	53,654

The financial statements on pages 24 to 43 were approved by the Board on 27th March 1995 and were signed on its behalf by

M G Rogers *Director* M.G. Rogers.

C R Chapman *Director* C R Chapman

Consolidated Cash Flow Statement

for the year ended 31st December 1994

	1994 £000	1994 £000	1993 £000	1993 £000
Net cash inflow from operating activities		**4,605**		5,171
Returns on investments and servicing of finance				
Interest paid	**(1,290)**		(1,604)	
Interest received	**53**		137	
Dividends paid	**(2,357)**		(2,357)	
Net cash outflow from returns on investments and servicing of finance		**(3,594)**		(3,824)
Taxation				
Corporation tax (including ACT) paid	**(1,264)**		(882)	
Tax paid		**(1,264)**		(882)
Net cash (outflow) inflow before investing activities		**(253)**		465
Investing activities				
Purchase of business	**-**		(2,784)	
Purchase of tangible fixed assets	**(1,047)**		(1,738)	
Sale of discontinued operation	**12,119**		-	
Sale of tangible fixed assets	**430**		108	
Payments relating to prior year exceptional item	**(479)**		(1,014)	
Net cash inflow (outflow) from investing activities		**11,023**		(5,428)
Net cash inflow (outflow) before financing		**10,770**		(4,963)
Financing				
Repayment of finance lease	**-**		2,380	
Decrease in loans other than from banks	**2,187**		2,282	
Decrease (increase) in bank loans	**8,310**		(5,810)	
Net cash outflow (inflow) from financing		**10,497**		(1,148)
Increase (decrease) in cash and cash equivalents		**273**		(3,815)
		10,770		(4,963)

The notes to the Consolidated Cash Flow Statement are shown in Note 24 to the financial statements.

Note 1 Accounting policies

Basis of accounting
The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention as modified by the revaluation of land and buildings. Accounts are made up to the nearest practicable Friday to 31st December each year.

Basis of consolidation
The Group financial statements comprise a consolidation of the financial statements of the Company and all its subsidiaries. Merger accounting principles are followed in respect of acquisitions which satisfy the conditions set out in Statement of Standard Accounting Practice Number 23. In accordance with the principles of merger accounting, comparative data is restated where merger accounting is applied, and accounting policies are adjusted to be consistent with those of the Group. Acquisition accounting is used in respect of acquisitions which do not satisfy the conditions for merger accounting.

Depreciation
Depreciation of fixed assets is provided where it is necessary to reflect a reduction from book value to estimated residual value over the useful life of the asset to the Group. It is the Group's policy to maintain its properties in a state of good repair, and in the case of freehold and long leasehold properties, the directors consider that the lives of these properties and their residual values are such that their depreciation is not significant. Accordingly, no depreciation is provided on freehold and long leasehold properties.

Other fixed assets are written off by equal instalments over their anticipated useful lives of between three and eight years.

Stocks
Stocks are valued at the lower of cost and net realisable value.

Deferred taxation
Deferred taxation is provided on the liability method where, in the opinion of the directors, it is probable that the liability will crystallise in the foreseeable future.

Goodwill
Goodwill arises when the consideration paid for a business or company exceeds the fair value of the net tangible assets acquired. Any goodwill arising is written off immediately against reserves at the date of acquisition, or in the case of deferred payments, the date of payment.

Pension costs
Pension costs are charged to the profit and loss account in such a way as to provide for the liabilities evenly over the remaining working lives of the employees.

Leases
Where fixed assets are financed by leasing agreements which give rights approximately equivalent to ownership (finance lease) the assets are capitalised. The corresponding lease commitments are treated as obligations to the lessor. All other lease payments are charged to the profit and loss account in the year to which they relate.

Foreign currencies
The trading results and cash flows of overseas subsidiary undertakings are translated into sterling using the average rates of exchange. The balance sheets of overseas subsidiary undertakings are translated into sterling at the rates of exchange ruling at the year end. Exchange differences arising on translation into sterling are dealt with through reserves. The cost of the Company's equity investment in overseas subsidiary undertakings is translated at the ruling rate at the date of the investment except in those instances where forward exchange contracts have been arranged, in which case the forward rate is used. Exchange differences arising on translation of foreign currency loans made by the Company to subsidiary undertakings are taken to the foreign exchange reserve in the Company's balance sheet.

Note 2 Turnover

Turnover represents the amount invoiced net of value added tax in respect of the provision of services to customers during the year.

Note 3 Analysis of turnover, operating profit and net assets

	Turnover		Operating profit	
	1994 £000	1993 £000	**1994 £000**	1993 £000
Turnover and operating profit by geographical location				
United Kingdom	**95,082**	87,189	**5,925**	5,679
United States of America	**22,653**	23,357	**486**	1,533
Central costs	**-**	-	**(1,286)**	(1,072)
	117,735	110,546	**5,125**	6,140
Turnover and operating profit by business activity				
UK Healthcare				
Nursing agencies	**67,986**	56,742	**3,210**	2,403
Doctors' duty services	**8,885**	8,678	**1,170**	1,365
USA Healthcare				
Nursing agencies	**22,653**	23,357	**486**	1,533
UK Specialist Personnel				
Temporary accountants	**7,001**	5,181	**876**	700
Productivity improvement specialists	**5,590**	5,102	**242**	115
Central costs	**-**	-	**(1,286)**	(1,072)
Continuing operations	**112,115**	99,060	**4,698**	5,044
Discontinued operation				
Hospitals and nursing homes	**5,620**	11,486	**427**	1,096
	117,735	110,546	**5,125**	6,140

There is no material difference between the geographical analysis of turnover by origin and by destination.

Turnover, cost of sales, gross profit, administrative expenses and operating profit are analysed between continuing and discontinued operations as follows

	Continuing 1994 £000	**Discontinued 1994 £000**	Continuing 1993 £000	Discontinued 1993 £000
Turnover	**112,115**	**5,620**	99,060	11,486
Cost of sales	**(89,429)**	**(4,857)**	(77,998)	(9,861)
Gross profit	**22,686**	**763**	21,062	1,625
Administrative expenses	**(17,988)**	**(336)**	(16,018)	(529)
Operating profit	**4,698**	**427**	5,044	1,096

Note 3 Analysis of turnover, operating profit and net assets - continued

	Net operating assets 1994 £000	Net operating assets 1993 £000
Net operating assets		
Capital employed per consolidated balance sheet	**2,556**	5,656
Loans	**6,517**	17,493
Overdrafts less cash and cash equivalents	**701**	832
Goodwill written off	**56,892**	57,505
Total net operating assets, including goodwill	**66,666**	81,486
Analysis of net operating assets by geographical location		
United Kingdom	**36,325**	50,909
United States of America	**30,341**	30,577
	66,666	81,486
Analysis of net operating assets by business activity		
UK Healthcare		
Nursing agencies	**15,872**	15,485
Doctors' duty services	**3,781**	3,693
USA Healthcare		
Nursing agencies	**30,341**	30,577
UK Specialist Personnel		
Temporary accountants	**14,576**	14,562
Productivity improvement specialists	**2,256**	2,087
Central	**(160)**	(1,711)
Continuing operations	**66,666**	64,693
Discontinued operation		
Hospitals and nursing homes	**-**	16,793
	66,666	81,486

The 1993 turnover and operating profit of the UK nursing agencies incorporate the results of BUPA Nursing Services Limited (BNSL) from 1st March 1993, the date of acquisition. It is not possible to give an indication of BNSL's contribution to turnover and profit as the business was completely merged with the existing UK nursing branches shortly after acquisition and the performance of each cannot be separately assessed.

Scott-Grant, the productivity improvement specialists, was accounted for under merger accounting rules and, as a consequence, goodwill arising from a fair value attributable to the consideration given for the acquisition is not included in the amount of net operating assets.

Note 4 Operating profit

	1994 £000	1993 £000
Operating profit before exceptional items is stated after charging (crediting)		
Depreciation	**948**	1,173
Net profit on sale of tangible fixed assets	**(9)**	(16)
Hire of plant and machinery	**68**	136
Auditors' remuneration - audit	**118**	136
Rents received net of outgoings	**(38)**	(79)
Rent of premises	**1,173**	1,295

Remuneration of the Company's auditors in respect of other services amounted to £241,000 (1993 - £125,000).

Note 5 Employees

	1994 £000	1993 £000
Employee costs		
Wages and salaries	**13,251**	14,484
Social security costs	**1,036**	1,172
Other pension costs	**224**	220
	14,511	15,876

	1994 Number	1993 Number
Employee numbers		
The average number of persons employed by the Group during the year was		
full-time	**628**	716
part-time	**905**	1,031
	1,533	1,747

Note 6 Directors' emoluments

	1994 £000	1993 £000
Employee costs include the following emoluments in respect of the directors		
Fees	**58**	72
Basic salaries and benefits	**533**	513
Bonus payments	**28**	87
Pension contributions	**33**	34
	652	706

Directors' bonus payments are based on divisional and Group financial performance in the year and on individual performance based on management objectives. The extent of bonus entitlement is determined by the Compensation Committee, which also sets basic salaries and benefits.

Note 6 Directors' emoluments - continued

The directors' emoluments include amounts paid to

	1994 £000	1993 £000
H J Hann (Chairman to 31st May 1993)		
Fees	-	10
Benefits	-	3
	-	13
M G Rogers (Chairman from 1st June 1993 to 12th September 1994 and the highest paid director)		
Basic salary and benefits	**151**	145
Bonus payments	**7**	21
Pension contributions	**9**	9
	167	175
D G Heywood (Chairman from 12th September 1994)		
Salary	**12**	-

The number of directors (including the Chairmen) who received fees and other emoluments (excluding pension contributions) in the following ranges was

	1994 Number	1993 Number
£10,001 - £15,000	**4**	4
£15,001 - £20,000	-	1
£20,001 - £25,000	**1**	-
£40,001 - £45,000	**1**	-
£90,001 - £95,000	**1**	-
£95,001 - £100,000	-	1
£100,001 - £105,000	-	1
£105,001 - £110,000	-	1
£120,001 - £125,000	**1**	1
£130,001 - £135,000	**1**	-
£155,001 - £160,000	**1**	-
£165,001 - £170,000	-	1

Note 7 Exceptional items

	1994 £000	1993 £000
Profit on disposal of fixed assets	**286**	-
Loss on sale of discontinued operation	**(4,495)**	-
	(4,209)	-

Note 7 Exceptional items - continued

The profit on disposal of fixed assets relates to the sale of surplus land and buildings.

The loss on sale of discontinued operation relates to the sale of the hospitals and nursing homes division on 17th June 1994 to a newly incorporated company owned by, inter alios, an MBO team, 3i Group plc and clients of CINVen. The consideration, assets sold and the loss arising on sale are as follows:

	1994 £000	1993 £000
Consideration, including settlement of overdrafts and intra-group indebtedness		
cash received	**12,625**	-
£1,500,000 loan note of purchaser at valuation	**800**	-
Total consideration	**13,425**	-
Book value of assets sold	**(16,807)**	-
Add back goodwill previously written off	**(613)**	-
	(17,420)	-
Total consideration less book value of assets sold, including goodwill	**(3,995)**	-
Costs of sale	**(500)**	-
Loss on sale of discontinued operation	**(4,495)**	-

Note 8 Interest payable less receivable

	1994 £000	1993 £000
On bank loans, overdrafts and other loans		
repayable within five years, not by instalments	**161**	403
repayable within five years, by instalments	**770**	1,038
repayable wholly or partly in more than five years	**175**	320
Investment income - bank interest and other income receivable	**(109)**	(136)
	997	1,625

Note 9 Taxation

	1994 £000	1993 £000
Corporation tax at 33% (1993 - 33%) on taxable profit for the year	**1,515**	1,374
Over-provision in previous years	**(24)**	(4)
Deferred tax	**(32)**	(196)
	1,459	1,174

The taxation charge reflects the results of MRA in the USA and the availability of allowable deductions against its profits.

Note 10 Profit for the year

The profit for the year dealt with in the accounts of the Company amounts to £1,483,000 (1993 - £5,274,000), before transferring the loss on foreign exchange of £636,000 (1993 - £260,000 profit) to the foreign exchange reserve (see note 23). The profit retained by subsidiary companies is £182,000 (1993 - £545,000), and there was no profit transferred by way of dividend to the Company in respect of prior years' profits (1993 - £2,218,000). Under the provisions of Section 230 of the Companies Act 1985, the Company has not published its own profit and loss account.

Note 11 Dividends	1994 £000	1993 £000
Dividends paid		
Ordinary shares: 1.15p per share (1993 - 1.15p)	**860**	860
Dividends proposed		
Ordinary shares: 2.00p per share (1993 - 2.00p)	**1,497**	1,497
	2,357	2,357

Note 12 (Loss) earnings per share	1994	1993
FRS3 basis	**(2.06p)**	4.46p
Adjustment for sale of discontinued operation	**6.01p**	-
Adjusted basis	**3.95p**	4.46p

The loss per share (FRS3 basis) has been calculated on a loss of £1,540,000 (1993 - earnings £3,341,000) and on the weighted average number of shares of 74,839,000 (1993 - 74,839,000). The adjusted earnings per share has been calculated on earnings of £2,955,000.

No figure for fully diluted earnings per share is shown because the difference from the basic earnings per share is less than 5%.

Note 13 Tangible fixed assets	Land & buildings Freehold £000	Leasehold £000	Plant & equipment, fixtures & fittings £000	Total £000
Group				
Cost or valuation				
At 1st January 1994	**14,436**	**243**	**8,148**	**22,827**
Foreign exchange movements	**-**	**-**	**(26)**	**(26)**
Additions	**178**	**-**	**869**	**1,047**
Disposals	**(19)**	**-**	**(344)**	**(363)**
On disposal of business	**(14,522)**	**(243)**	**(3,445)**	**(18,210)**
At 31st December 1994	**73**	**-**	**5,202**	**5,275**
Depreciation				
At 1st January 1994	**-**	**55**	**4,384**	**4,439**
Foreign exchange movements	**-**	**-**	**(14)**	**(14)**
Eliminated on disposals	**-**	**-**	**(228)**	**(228)**
Eliminated on disposal of business	**-**	**(55)**	**(1,822)**	**(1,877)**
Charge for the year	**-**	**-**	**948**	**948**
At 31st December 1994	**-**	**-**	**3,268**	**3,268**
Net book value				
At 31st December 1994	**73**	**-**	**1,934**	**2,007**
At 31st December 1993	14,436	188	3,764	18,388

The cost or valuation of fixed assets held at 31st December 1994 is represented by fixed assets at cost only, as all fixed assets at valuation were disposed of during the year.

Note 13 Tangible fixed assets - continued	Freehold land & buildings £000	Plant & equipment, fixtures & fittings £000	Total £000
Company			
Cost or valuation			
At 1st January 1994	5,138	185	5,323
Additions	-	120	120
Disposals	-	(70)	(70)
On disposal of business	(5,138)	-	(5,138)
At 31st December 1994	-	235	235
Depreciation			
At 1st January 1994	-	94	94
Eliminated on disposals	-	(45)	(45)
Charge for the year	-	44	44
At 31st December 1994	-	93	93
Net book value			
At 31st December 1994	-	142	142
At 31st December 1993	5,138	91	5,229

The freehold land and buildings of the Company comprised the property in respect of New Hall hospital which was sold as part of the sale of the hospitals and nursing homes division.

Note 14 Capital commitments	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
Capital expenditure that has been contracted but not provided for	21	152	-	-

At the year end there was no capital expenditure which had been authorised by the directors but not yet contracted for (1993-nil).

Note 15 Fixed asset investments	**Group £000**	**Company £000**
At 1st January 1994	-	**46,742**
Additions		
Nestor-BNA Holdings Corp.	-	**1**
£1,500,000 loan note from purchaser of hospitals and nursing homes division at valuation	**800**	**800**
Accrued income on loan note	**56**	**56**
Disposal		
Nestor Medical Services Limited	-	**(2,535)**
Foreign exchange movements	-	**(544)**
At 31st December 1994	**856**	**44,520**

Except where stated, the following principal subsidiary companies are wholly-owned, operate in the United Kingdom, and are registered in England & Wales.

Company	**Business**
British Nursing Co-operations Limited* (trading as BNA)	UK nursing agencies
British Nursing Association Healthcare Services Limited*	
Nestor Medical Duty Services Limited	UK doctors' duty services
Nestor-BNA, Inc. (United States of America)*	USA nursing agencies
MRA Staffing Systems, Inc. (United States of America)*	
Hewitson-Walker Limited	UK specialist personnel
Scott-Grant (Management Services) Limited	UK specialist personnel
Scott-Grant (Computer Services) Limited	
Scott-Grant (Technical Services) Limited	
Scott-Grant (Training Services) Limited	

*The interest of Nestor-BNA plc in these companies is held through intermediate holding companies.

On 17th June 1994, the Company sold its investment in the entire share capital of Nestor Medical Services Limited as part of the sale of the hospitals and nursing homes division for a cash consideration of £3,337,000 and a £1,500,000 loan note from the purchaser. The loan note bears nil interest for the first three years, 5 percent per annum in the following 2 years and LIBOR plus 1 percent per annum thereafter, and is repayable in annual instalments of £250,000 from 30th June 1999. In view of these interest and repayment terms, the loan was valued at the date of sale at £800,000.

On 29th December 1994 Nestor-BNA Holdings Corp. was formed and the whole of the Company's investment in Nestor-BNA, Inc. was transferred to it. The new company is registered in the USA and is a wholly owned subsidiary of the Company.

Note 16 Stocks

	Group		Company	
	1994 £000	1993 £000	**1994 £000**	1993 £000
Consumables and goods for resale	**62**	233	**-**	-

Note 17 Debtors

	1994 £000	1993 £000	**1994 £000**	1993 £000
Trade debtors	**13,949**	14,617	**-**	-
Amounts owed by Group companies	**-**	-	**14,307**	11,607
Dividends receivable from Group companies	**-**	-	**2,551**	5,468
Other debtors	**206**	325	**11**	38
Prepayments and accrued income	**877**	913	**45**	28
Corporation tax	**-**	-	**734**	888
	15,032	15,855	**17,648**	18,029

Note 18 Creditors - amounts falling due within one year

	1994 £000	1993 £000	**1994 £000**	1993 £000
Bank overdraft	**1,160**	3,808	**-**	-
Loan other than from banks	**2,172**	2,296	**-**	-
Bank loan	**-**	2,500	**-**	2,500
Trade creditors	**1,717**	2,796	**-**	-
Amounts owed to Group companies	**-**	-	**13,515**	8,078
Dividends proposed	**1,497**	1,497	**1,497**	1,497
Corporation tax	**1,168**	1,290	**119**	250
Other tax and social security	**1,211**	1,041	**22**	18
Other creditors	**1,200**	956	**42**	105
Accruals and deferred income	**1,245**	2,271	**323**	482
	11,370	18,455	**15,518**	12,930

Note 19 Creditors - amounts falling due after more than one year

	1994 £000	1993 £000	**1994 £000**	1993 £000
Bank loan	**-**	5,810	**-**	5,810
Loan other than from banks	**4,345**	6,887	**-**	-
Other creditors	**-**	21	**-**	-
	4,345	12,718	**-**	5,810

Note 20 Net borrowings

	Repayment dates	Interest rates	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
Secured						
Bank loans	1994-2000	variable	-	8,310	-	8,310
Unsecured						
Bank overdraft	-	variable	1,160	3,808	-	-
Loan other than from banks ($10.2 million, 1993 - $13.6 million)	1994-1997	10.37%	6,517	9,183	-	-
Total borrowings			7,677	21,301	-	8,310
Cash at bank and in hand			(459)	(2,976)	(5,988)	(2,840)
Net borrowings (cash)			7,218	18,325	(5,988)	5,470

Net borrowings of the Group are summarised as follows	Repayable within 1 year £000	Repayable between 2&5 years £000	Repayable beyond 5 years £000	Total £000
Unsecured				
Bank overdraft	1,160	-	-	1,160
Loan other than from banks ($10.2 million)	2,172	4,345	-	6,517
Total borrowings	3,332	4,345	-	7,677
Less cash at bank and in hand	(459)	-	-	(459)
At 31st December 1994	2,873	4,345	-	7,218
At 31st December 1993	5,628	11,245	1,452	18,325

The outstanding loan other than from banks of $10.2 million is from Teachers Insurance and Annuity Association of America. The loan is unsecured and is repayable in equal annual instalments of $3.4 million to 15th May 1997.

Note 21 Provision for liabilities and charges

	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
Deferred taxation provision				
At 1st January 1994	**177**	373	-	-
Utilised during the year	**(32)**	(196)	-	-
At 31st December 1994	**145**	177	-	-
Full potential liability	**145**	338	-	-

The deferred taxation provision arises from accelerated depreciation allowances.

	Group 1994 £000	Group 1993 £000	Company 1994 £000	Company 1993 £000
Other provisions				
In respect of the Company's net obligations under Nutri/System leases which the Company had guaranteed				
At 1st January 1994	**446**	1,421	**446**	1,421
Utilised during the year	**(446)**	(975)	**(446)**	(975)
At 31st December 1994	-	446	-	446

Note 22 Share capital

	Authorised Number	Authorised £000	Allotted, issued and fully paid Number	Allotted, issued and fully paid £000
Ordinary shares of 10p each				
At 1st January 1994	**96,000,000**	**9,600**	**74,839,358**	**7,484**
At 31st December 1994	**96,000,000**	**9,600**	**74,839,358**	**7,484**

Note 23 Reserves

	Share premium account £000	Revaluation reserve £000	Acquisition reserve £000	Foreign exchange reserve £000	Profit & loss account £000	Total £000
Group						
At 1st January 1994	1,205	4,819	(14,719)	468	6,399	(1,828)
Foreign exchange movements	-	-	-	184	-	184
Transfer of reserves arising on disposal of business	-	(4,819)	-	-	4,819	-
Write back of goodwill arising on disposal of business	-	-	613	-	-	613
Retained for the year	-	-	-	-	(3,897)	(3,897)
At 31st December 1994	1,205	-	(14,106)	652	7,321	(4,928)

The total amount of goodwill written off to date against reserves in respect of subsidiaries still held by the Group is £56,892,000 (1993 - £57,505,000).

	Share premium account £000	Revaluation reserve £000	Other reserves £000	Foreign exchange reserve £000	Profit & loss account £000	Total £000
Company						
At 1st January 1994	1,205	2,346	36,442	2,778	3,399	46,170
Profit for the year	-	-	-	-	1,483	1,483
Foreign exchange movements	-	-	-	(636)	636	-
Transfer of reserves arising on disposal of business	-	(2,346)	-	-	2,346	-
Dividends	-	-	-	-	(2,357)	(2,357)
At 31st December 1994	1,205	-	36,442	2,142	5,507	45,296

Note 24 Cash flow statement

	1994 £000	1993 £000
Reconciliation of operating profit to net cash inflow from operations		
Operating profit before exceptional items	**5,125**	6,140
Depreciation charges	**948**	1,173
Net profit on sale of tangible fixed assets included in operating profit before exceptional items	**(9)**	(16)
Increase in stocks	**(22)**	(20)
Increase in debtors	**(949)**	(2,363)
(Decrease) increase in creditors	**(488)**	257
Net cash inflow from operations	**4,605**	5,171

	Loans and finance lease £000	Cash and cash equivalents £000	Total £000
Analysis of movements in loans and cash balances			
At 1st January 1993	(16,109)	2,881	(13,228)
Increase in loans and net cash outflow	(1,148)	(3,815)	(4,963)
Foreign exchange movements	(236)	102	(134)
At 1st January 1994	**(17,493)**	**(832)**	**(18,325)**
Decrease in loans and net cash inflow	**10,497**	**273**	**10,770**
Foreign exchange movements	**479**	**(142)**	**337**
At 31st December 1994	**(6,517)**	**(701)**	**(7,218)**

Note 25 Other financial commitments

The Group rents numerous premises operated under leases whose terms, conditions and expiry dates vary considerably. The aggregate annual rental costs of these premises amounted to £1,173,000 in 1994 (1993 - £1,295,000).

The net commitment in respect of operating leases in 1995 is as follows

	Land & buildings occupied by Group £000	Land & buildings not occupied by Group £000	Other £000	Total £000
For leases expiring				
within one year	**67**	**11**	**1**	**79**
between two and five years	**529**	**43**	**19**	**591**
beyond five years	**295**	**173**	**-**	**468**
	891	**227**	**20**	**1,138**

Note 26 Pension costs

The Company operates a pension scheme providing benefits based on final pensionable salary. The scheme is administered by Trustees separately from the affairs of the Group and is contracted out of the additional component of the State Pension Scheme.

R Watson & Sons, Consulting Actuaries, carried out an actuarial valuation of the scheme as at 30th April 1992. On the actuarial basis used, as at that date the assessed value of the assets was sufficient to cover 104% of the capitalised value of the accrued benefits, allowing for expected future increases in pensionable earnings to Normal Pension Age, treating the scheme as an on-going entity

The market value of the investments held in the scheme as at the valuation date was taken to be £2,864,000. In addition there were pensions in payment secured by the purchase of annuities.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of investment return on future net cash flow, the rate at which dividends on UK equities grow and the rate of increase in pensionable earnings.

The assumed future rate of investment return, used to discount projected income and outgoing benefits, was a real rate of 5% per annum relative to price inflation. For the purposes of the valuation, the investment assets were assumed to be invested wholly in UK equities and dividends were assumed, over the long-term future, to grow in line with price inflation. Pensionable earnings were assumed to increase at a rate of 3% per annum ahead of price inflation.

The employer's contribution rate, which was calculated using the projected unit method, was 6.2% of members' pensionable earnings at the start of 1994. This was increased to 7% following the sale of the hospitals and nursing homes division. The members' contribution rate remains at 5% of pensionable earnings.

The pension charge for the year was £224,000 (1993 - £220,000).

Note 27 Share option schemes

Options over 4,589,715 Ordinary Shares had been issued under the Employee Share Option Scheme at 31st December 1994. Options are exercisable, subject to the rules of the scheme, on specified dates until October 2004, at prices between 45p and 145p per share.

Options over 799,213 Ordinary Shares had been issued under the Savings Related Share Option Scheme at 31st December 1994. The options are exercisable, subject to the rules of the scheme, either from December 1995 at 76p per share or from November 1996 at 56p per share.

Five Year Summary

	1990 £000	1991 £000	1992 £000	1993 £000	**1994 £000**
Group profit and loss account					
Turnover					
Continuing operations	94,549	90,068	85,950	99,060	**112,115**
Discontinued operation	9,854	10,468	10,364	11,486	**5,620**
	104,403	100,536	96,314	110,546	**117,735**
Operating profit before exceptional items					
Continuing operations	8,214	6,040	4,681	5,044	**4,698**
Discontinued operation	1,505	1,623	863	1,096	**427**
	9,719	7,663	5,544	6,140	**5,125**
Exceptional items	-	(840)	(2,534)	-	**(4,209)**
Operating profit after exceptional items	9,719	6,823	3,010	6,140	**916**
Interest payable less receivable	(1,703)	(1,518)	(1,304)	(1,625)	**(997)**
Profit (loss) before taxation	8,016	5,305	1,706	4,515	**(81)**
Taxation	(2,383)	(1,005)	(1,025)	(1,174)	**(1,459)**
Profit (loss) after taxation	5,633	4,300	681	3,341	**(1,540)**
Earnings (loss) per share - FRS3 basis	8.64p	5.81p	0.91p	4.46p	**(2.06p)**
Earnings per share - adjusted basis	8.64p	5.81p	4.30p	4.46p	**3.95p**
Dividends per share	3.15p	3.15p	3.15p	3.15p	**3.15p**
Group balance sheet					
Tangible fixed assets	13,034	18,273	18,294	18,388	**2,007**
Investments	1,034	1,034	-	-	**856**
Total fixed assets	14,068	19,307	18,294	18,388	**2,863**
Current assets	15,442	13,700	12,616	16,088	**15,094**
Current liabilities and provisions	(10,983)	(9,711)	(10,329)	(10,495)	**(8,183)**
Net operating assets	18,527	23,296	20,581	23,981	**9,774**
Net borrowings	(15,289)	(13,479)	(13,228)	(18,325)	**(7,218)**
Net assets	3,238	9,817	7,353	5,656	**2,556**
Share capital	7,224	7,484	7,484	7,484	**7,484**
Share premium account	-	1,205	1,205	1,205	**1,205**
Acquisition reserve	(10,846)	(12,561)	(12,533)	(14,719)	**(14,106)**
Other reserves	6,860	13,689	11,197	11,686	**7,973**
Equity shareholders' funds	3,238	9,817	7,353	5,656	**2,556**
Group cash flow statement					
Net cash inflow from operating activities	10,411	9,098	7,735	5,171	**4,605**
Interest and dividends paid	(4,087)	(3,645)	(3,690)	(3,824)	**(3,594)**
Tax paid	(2,227)	(2,016)	(1,439)	(882)	**(1,264)**
Net (investment in) proceeds from fixed assets and acquisitions less disposals	(31,737)	(1,276)	(1,047)	(5,428)	**11,023**
Net cash flow before financing	(27,640)	2,161	1,559	(4,963)	**10,770**
Issue of shares	(18,174)	(5)	-	-	**-**
(Increase) decrease in loans and finance leases	(11,294)	814	-	(1,148)	**10,497**
Increase (decrease) in cash and cash equivalents	1,828	1,352	1,559	(3,815)	**273**
	(27,640)	2,161	1,559	(4,963)	**10,770**

Shareholder Information

Financial calendar

Announcement of 1995 results

For the half-year	September 1995
For the year	March 1996
Annual Report and Accounts circulated	April 1996
Annual General Meeting	May 1996

Dividends

Proposed final dividend 1994	
Announcement	27th March 1995
Ex-dividend	3rd April 1995
Record date	24th April 1995
Payment date	26th May 1995
Interim dividend 1995 (provisional)	
Announcement	September 1995
Payment	October 1995

Analysis of shareholdings

At the date of this report, the Company has 763 shareholders who hold nearly 75 million ordinary shares between them, analysed as follows:

Size of holding	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 5,000	484	63.4	805,336	1.1
5,001 - 50,000	186	24.4	2,646,128	3.5
50,001 - 100,000	19	2.5	1,499,454	2.0
100,001 and over	74	9.7	69,888,440	93.4
	763	100.0	74,839,358	100.0

Type of shareholder				
Individuals	534	70.0	4,244,949	5.7
Nominee companies*	170	22.3	55,639,360	74.3
Insurance companies	3	0.4	6,310,548	8.4
Other corporate and public bodies	46	6.0	5,448,354	7.3
Trust companies	10	1.3	3,196,147	4.3
	763	100.0	74,839,358	100.0

*This category includes the beneficiaries of pension funds, unit trusts, life assurance companies and investment trusts.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN, that the ninth Annual General Meeting of the Company will be held at The Brewery, Chiswell Street, London EC1Y 4SD on 17th May 1995 at 12 noon for the following purposes:

Ordinary business

1. To receive and consider the financial statements, together with the reports of the directors and auditors, for the year ended 31st December 1994.
2. To declare a final dividend.
3. To re-elect D G Heywood as a director.
4. To re-elect J J Cockburn as a director.
5. To re-appoint Coopers & Lybrand as the auditors to act as such until the conclusion of the next Annual General Meeting and to authorise the directors to fix the auditors' remuneration.

Special business

6. To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

   That the directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985 and so that references to the allotment of relevant securities shall be construed in accordance with that section) up to an aggregate nominal amount of £2,000,000, such authority to expire on 16th May 2000, provided that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired; and that this authority shall be in substitution for all previous authorities given to the directors in that regard.

7. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution:

   That, subject to the passing of the preceding Resolution 6, the directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of that Act) pursuant to the authority conferred by the said resolution, as if subsection (1) of Section 89 of that Act did not apply to any such allotment, provided that this power shall be limited to:

   (i) the allotment of equity securities in connection with any rights issue in favour of ordinary shareholders on the register of members at such record date or dates as the directors may determine for the purpose of the issue where the equity securities respectively attributable to the interests of all such holders of Ordinary Shares are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them at any such record date or dates so determined, provided that the directors may make such arrangements or exclusions as they consider necessary or expedient in respect of fractional entitlements or legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange; and

   (ii) the allotment of equity securities pursuant to the terms of any share scheme for employees approved by shareholders in general meeting; and

(iii) the allotment (otherwise than pursuant to sub-paragraphs (i) or (ii) above) of equity securities up to an aggregate nominal amount of £374,000;

and shall expire on the date of the next Annual General Meeting of the Company after the date of passing of this resolution, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding that this power has expired.

By order of the Board

J Wood *Secretary*

Registered Office: 20A Church Road
Welwyn Garden City, Hertfordshire AL8 6PS
27th March 1995

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. To be valid, proxies must be lodged with the Registrar of the Company not later than 48 hours before the time appointed for the meeting.

2. Copies of all service agreements of more than one year's duration between the Company and the directors will be available for inspection at the registered office of the Company during normal business hours from the date of this notice until the date of the meeting and at the place of the meeting from 15 minutes before and until the end of the meeting.